

Certain States have laws which establish a period of time subsequent to foreclosure during which mortgagors in default may redeem their properties. Existing regulations of the Veterans' Administration do not provide the agency with the authority to cancel unexpired insurance policies on properties acquired in these States. Under these circumstances the Veterans' Administration is unable to become self-insured. A revision in these regulations seems particularly desirable when receivers are appointed who have a duty under State law to carry hazard insurance during their period of custodianship. The insurance carried by the Veterans' Administration is of no practical value because it duplicates the receivers' insurance coverage.

The Deputy Administrator of Veterans' Affairs disagreed with our estimate of the amount of savings available and stated that the Veterans' Administration had made a study at 16 regional offices and, on the basis of the statistics gathered, was not satisfied that any loss of revenue had been shown. However, he stated that the Veterans' Administration planned to make a more comprehensive study at all applicable field stations and would reconsider its position at the conclusion of the study and reevaluation of its current policy.

We reviewed the information developed at 4 of the 16 regional offices included in the Veterans' Administration study and believe that the savings available were significantly understated, primarily because the study was not based on the earliest date that the insurance policies could have been canceled.

Since a large number of properties are being acquired by the Veterans' Administration annually, we believe that a substantial amount of savings would be available to the Veterans' Administration if prepaid hazard insurance policies were canceled promptly when the risk of loss passes to the Veterans' Administration or the receivers.

Accordingly, we are recommending that the Administrator of Veterans' Affairs require mortgage holders to cancel prepaid hazard insurance policies upon transferring risk of loss to the Veterans' Administration or the receivers. Also, because the regulations do not now provide the Veterans' Administration with the necessary authority to cancel the policies during redemption periods in States granting mortgagors redemption rights, we are recommending that the regulations be revised to provide such authority.

[Index No. 51—B-125037, Aug. 9, 1966]

POTENTIAL SAVINGS THROUGH IMPROVED CONTROLS OVER PER DIEM PAYMENTS TO MILITARY PERSONNEL, DEPARTMENT OF THE AIR FORCE

The General Accounting Office made a review of per diem payments made to Air Force military personnel deployed on an overseas airlift support mission in a noncombat zone.

We inquired into the management controls in effect and the possible need for strengthening the regulations when an apparent disparity between allowable per diem and lodging and subsistence costs came to our attention. We found that per diem allowances paid to military personnel deployed on a support mission exceeded their estimated